



**Blueberries**  
Medical Corp.

# **BLUEBERRIES MEDICAL CORP.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF  
OPERATIONS**

**FOR THE THREE MONTHS ENDED  
MARCH 31, 2023**

**Dated May 30, 2023**

## Blueberries Medical Corp.

Management's Discussion and Analysis

For the three months ended March 31, 2023

(All amounts are in Canadian Dollars, unless otherwise stated)



The following Management's Discussion and Analysis (the "MD&A") of Blueberries Medical Corp. ("Blueberries", "BBM" or the "Company"), formerly CDN MSolar Corp. ("CMS") for the three months ended March 31, 2023 as well as information and expectations concerning Blueberries' outlook are based on currently available information.

This MD&A is intended to supplement and complement the Company's consolidated financial statements as of and for the three months ended March 31, 2023 (the "Financial Statements"). The Financial Statements and notes thereof are prepared following International Financial Reporting Standards ("IFRS") and their interpretations adopted by the International Accounting Standards Board ("IASB").

The MD&A, and the annual audited consolidated financial statements have been filed on SEDAR at [www.sedar.com](http://www.sedar.com). Additional information can also be found on the Company's website at [www.blueberriesmed.com](http://www.blueberriesmed.com).

This MD&A is prepared as of May 30, 2023. All dollar values are expressed in Canadian dollars unless otherwise indicated.

### HIGHLIGHTS

Blueberries' management strategy for 2023 prioritizes the reduction of cash expenses and fixed costs, optimizing working capital expenditures, and new market development. .

The Company continues to develop new alternatives to increase access to efficient GACP-certified biomass for extraction purposes and premium flowers, both for CBD and THC. We have secured our third partnership with Allied Corp, one of the prominent third-party large-scale cultivators in Colombia. These agreements, not only allow Blueberries to get immediate access to lower-cost GACP-certified biomass and flowers but also permit us to prioritize CAPEX allocation in extraction, purification, and transformation processes.

The Company continues optimizing the operation of the current CO2 extraction facility and has satisfactorily completed the negotiation of a new warehouse that represents an 80% lease reduction in comparison with the average cost of lease in 2022. A project to extend production capacities including distillation and crystallization, as well as upgrading processes and standards to comply with EU-GMP pharmaceutical protocols has been approved by the Board of Directors, and the necessary investment plan was carried out by management. The expectation is to have the new facility fully operational by the end of the third 2023.

With regards to sales, as committed in the fourth quarter of 2022, the Company has already successfully exported CBD Isolate and other non-psychoactive extracts to Peru, Argentina, and Australia. During the first quarter of 2023, the first export of THC Distilled was completed to Australia, expecting to boost 2023 sales. Additionally, the Company closed the first deals with Brazil and Chile customers with THC valued-added products in the form of bulk semi-elaborate products, resin and distillate.

### CORPORATE OVERVIEW AND UPDATE

Blueberries is a fully licensed Cannabis producer in Latin America focusing on processing, and supplying medicinal-grade Cannabis oil extracts, premium medical flowers, and related products. The common shares of the Company are listed on the Canadian Securities Exchange (the "CSE") under the symbol "CNSX: BBM", in U.S.A on the OTC Markets ("OTC: BBRF"), and in Germany on the Frankfurt Bourse ("FRA: 10A").

Blueberries' wholly owned subsidiary, Blueberries SAS ("BBSAS") is a licensed producer and distributor of medicinal Cannabis and Cannabis-derived products in Colombia.

## Blueberries Medical Corp.

Management's Discussion and Analysis

For the three months ended March 31, 2023

(All amounts are in Canadian Dollars, unless otherwise stated)

---



### COLOMBIA OPERATIONS

#### Agricultural Operations

##### *Contract grower model*

After getting psychoactive quotas approval during the third quarter of 2022, the company put in place the first batch of proprietary genetic plants into a contract growers facility to run the first pilot scale production of THC-rich biomass under third-party conditions. The finished biomass was received on March 2023.

During the first quarter of 2023, the Company entered into an agreement with one of the most important Cannabis genetics developer in Colombia and another contract grower with the aim of develop novel Cannabis strains both for biomass and premium dry-flowers production. Currently the Agronomic Evaluation and Quotas are under review by ICA and Ministry of Justice, respectively.

#### Extraction and manufacturing

##### *New manufacturing site*

In 2022 the company entered into a long-term agreement with a strategically located warehouse very close to El Dorado International Airport of Bogotá, the principal air-logistic platform nationwide. The manufacturing facility's design complies with different international pharmaceutical standards including but not limited to ICH Q7 Good manufacturing practice for active pharmaceutical ingredients. The civil works will start late the second quarter of 2023 and it is estimated to be finished by the end the third quarter of 2023.

##### *Semi-elaborated products for compassionate use*

The company began to develop a strategic model to supply finished products for compassionate use in the Brazilian Market. The first batch of CBD, and THC balanced formulations were manufactured in Dec/2022 after successful work, putting together every piece of logistic and regulatory requirements, the first shipment is expected to be finished during Q2-2023 for benefit of more than 100 patients with different pathologies.

### COMMERCIAL EMPHASIS AND NEW REVENUE STREAMS

In the first quarter of 2023, BBM continued repositioning itself as a company specialized in Cannabis-derived ingredients, including multiple psychoactive and non-psychoactive API's, functional ingredients and premium Cannabis flower, prioritizing business development efforts across Colombia and Latin America, and completing first two batch of sales in Australia.

#### ***Primary Extraction and Superior Standardization:***

The industry in Colombia is still a compendium of multiple actors in different stages of development. During Q1' 2023, we have noted that the higher demand for extraction was focused on THC flower due to the higher added value compared to CBD derivatives.

Q4'22 and Q1'23 were focused on improving the THC derivatives production processes from a methodological standpoint but also the capabilities oriented to these processes.

#### ***Magistral Formulas for compassionate use in Brazil:***

During 2022, BBM developed a wide range of semi-elaborated formulations, including CBD-predominant, THC-predominant and balanced formulations. These were mainly designed to attend to different pathologies

In the first quarter of 2023, we received authorization from the logistic hub's authority in order to export the first commercial shipment of CBD:THC balanced formulations. Currently the company is navigating the regulatory requirements in order to finish this operation and enter into a commercial arrangement with the second largest Compassionate Use brands in Brazil.

## Blueberries Medical Corp.

Management's Discussion and Analysis

For the three months ended March 31, 2023

(All amounts are in Canadian Dollars, unless otherwise stated)

---



### ***Bulk Ingredients:***

Thanks to a manufacturing and commercial partnership established in early 2022 with a large, licensed producer in Oregon, USA, the company aggressively penetrated the market in Colombia and some other key markets in the region, the largest was the Argentinean market. This partner in manufacturing already accounts with GMP for cosmetics and food supplements from National Science Foundation, specifically: NSF GMP Registration Program Requirements of NSF/ANSI 173, Section 8 Which Includes FSMA and cGMP (21 CFR 111), (21 CFR 117) and provides us with a complete portfolio of hemp derived API's and ingredients.

After securing a large and robust manufacturer for CBD and other non-psychoactive ingredients with international standards at very efficient cost, the company was able to give more emphasis to the development of high THC specialties to be manufactured entirely in Colombia. Given the cost efficiencies, friendly regulatory environment, and the multiple allies across the value chain of cannabis, BBM developed a full range of API's, semi-elaborated products and finished formulas THC predominant that are currently growing. During late Q1 '2023 BBM successfully finished one of the largest THC exports from Colombia to Australia, after an intensive quality validation, a second shipment three times larger than the first is under preparation to be exported before the end of Q2 '23.

Finally, the access to high quality and cost efficient CBD coming from the partnership with the operator in USA, gave the company the possibility to invest in R&D and focus efforts in the development of a novel water soluble CBD powder, with superior functionality versus normally found water soluble emulsions; the powder form granted greater stability, provides no viscosity and minimal off note flavor, and has an easy and fast dissolution. During Q1 2023, BBM materialized the first sales of this product with outstanding customer feedback.

### ***New Markets:***

In 2022, BBM consolidated itself as one of the most active non-psychoactive cannabis derived ingredients suppliers in Argentina, successfully exporting to multiple companies in this country. The CBD isolate, the top selling product, is primarily used for different cosmetic developments, but also to run some stability tests for medical formulations. After successfully stability testing during 2022 and positive client's feedback, the company expects to see positive growth of this products sales during Q2 '2023.

In addition to Argentina, BBM successfully penetrated the Australian market both with CBD- and THC-rich products. After regulatory and quality validation of these products we expect to see a significant increase of sales to the country during 2023.

### **PRODUCTION LICENSES**

The legalization of the cultivation of Cannabis as medicinal Cannabis was based on Law 1787 of 2016 enacted by Colombian Congress, Decree 613 of 2017 the ("Decree") and regulatory resolutions (577, 578 and 579 of August 8, 2017 enacted by the Ministry of Justice and resolutions 2891 and 2892 of 2017 enacted by the Ministry of Health) which formed a legal framework that regulates the actions of any company in Colombia working with Cannabis for medical and scientific purposes, including the cultivation, production, and domestic and international distribution of Cannabis, Cannabis seeds, High THC Medicinal Cannabis, and Low THC Medicinal Cannabis extracts.

Decree 613 of 2017 specifically outlines the different types of Cannabis licenses and general requirements for issuing these licenses. The new requirements from this Decree to obtain a license include providing certification of land use, shareholder structure information, a farming crop plan and manufacturing project for five years, and registry of plant cultivars with the ICA. The Decree also outlines that the license holder must inform the Ministry of Justice and the National Narcotics Fund of non-psychoactive seeds that become psychoactive either during agricultural evaluation or seed cultivation. Additionally, the Decree outlines new events for termination of licenses including not obtaining at least one quota for each year of licenses and beginning cultivation or commercialization without the ICA registry of plant cultivars.

Blueberries, as a member of the Board of Directors of Asocolcanna, the largest association of Cannabis licensed producers in Colombia, is closely following the evolution of the Colombian new regulatory framework for medical Cannabis, with the intention to be well-equipped and timely prepared to seize the additional revenue streams that the new Decree allows. These new revenue opportunities are primarily related to the possibility to export dry flower of THC and CBD strains for the medical market, more efficient access of medical Cannabis through pharmacies, the

## Blueberries Medical Corp.

Management's Discussion and Analysis

For the three months ended March 31, 2023

(All amounts are in Canadian Dollars, unless otherwise stated)



manufacture of FMCGs using non photoactive Cannabis derivatives, and the extent of the magistral formulations for veterinary use.

The opportunity to connect Cannabis formulas with patients more easily and the delivery of raw materials and solutions for the FMCGs industry and for veterinary products show to be the more immediate opportunities. Thus, the company has focused their efforts and invested time and resources in preparing high value-added formulations and non-psychoactive specialty ingredients for specific Food & Beverages applications and for veterinary uses. Also, it has approached to national pharmacy chains that will help the company to distribute its medical formulas across the country

The Company obtained licenses to grow, cultivate, distribute locally and internationally medical Cannabis with high concentrations of Tetrahydrocannabinol "THC" (>1% THC) and medical Cannabis with low concentrations of THC (<1% THC). Below is a summary of the licenses, their function, status and application.

Licenses	Function	Grant Date	Application
Non-psychoactive Cannabis cultivation	· Seed production for planting	Dec 21, 2022	· Less than 1.0% THC Production of low THC flower · Domestic and international distribution
	· Grain production		
	· Manufacture of derivatives		
Psychoactive Cannabis cultivation	· Seed production for planting	Mar. 27, 2023	· Production of more than 1.0% THC and high THC extracts. · Domestic and international distribution
	· Grain production		
	· Manufacture of derivatives		· Scientific research
	· Scientific purposes		
Seeds	· Marketing or delivery	Dec. 3, 2019	· Marketing: Buying and selling of seeds
	· Scientific purposes		
Manufacture of Cannabis derivatives	· National use	Aug. 17, 2018	· Manufacture, Produce, Commercialize and export psychoactive and non-psychoactive Cannabis derivatives
	· Exportation		
	· Scientific Research	Jan. 29, 2020	· Scientific research and extension to extraction

### CHANGES IN COLOMBIAN CANNABIS REGULATIONS

In 2022 the Colombian cannabis regulations had new regulations enacted by the Ministry of Health (Resolution 227 of 2022) and the Ministry of Justice, Agriculture and Commerce (Resolution 539 of 2022).

These regulations are important because in the first one (resolution 227 of 2022) describe some procedures that were lacking or were ambiguous for example:

- Increase the length of time for quotas and licenses.
- Is the first mentioning the food and beverage regulation (although it states that it will have to be regulated by INVIMA in other regulations), and It permits the exportation of dry flowers for commercial and medical propose,

The 539 of 2023 resolution describes these issues:

- The requirement for the authority to approve the import and export of seeds for sowing, grains, plant components, plants, cannabis, derivatives, and finished products
- The procedures will be carried out by the VUCE because the approvals will be done more easily and quickly and the MICC will be an important tool because the idea is that the management of the paperwork will be there
- . The approvals will be done by the Ministry of justice, Ministry of Health and Agriculture.

## Blueberries Medical Corp.

Management's Discussion and Analysis

For the three months ended March 31, 2023

(All amounts are in Canadian Dollars, unless otherwise stated)



- All import or export activities can be outsourced to third parties

There is a proposition of Law ( Proyecto legislative No 033 de 2022 Senado) before the Congress of Colombia, which modifies article 49 of the Colombian Constitution and allows regularized cannabis for adult use.

At this moment, this proposal has passed four debates in Congress but still needs four more deliberations to enact as a Law.

## Annual Information

Selected financial information for the previous three years is set out below.

	Year ended December 31, 2022 \$	Year ended December 31, 2021 \$	Year ended December 31, 2020 \$
Current assets	2,185,642	1,563,617	522,634
Total assets	3,354,162	3,593,880	7,270,212
Current liabilities	1,747,412	1,935,803	2,096,898
Total liabilities	1,886,394	2,159,134	3,380,433
Revenue	235,449	138,747	65,978
Gross loss	(17,720)	(245,453)	62,399
Loss before other income (expenses)	(2,123,776)	(2,228,572)	(4,285,390)
Other income (expenses)	655,900	(2,918,440)	(654,717)
Net loss	(1,467,876)	(5,147,012)	(4,940,107)
Total loss and comprehensive loss	(1,567,450)	(5,199,324)	(5,141,547)
Net loss per share – basic and diluted	0.01	0.04	0.04

The Company began its operation in Colombia in 2020 and generated a total revenue of \$65,978 in the first year of operation. The Company expanded its service and products offering during 2021, resulting in an increase of revenue to \$138,747 and \$235,449 in 2022. The Company derives revenue primarily from the sale of products and CBD oil extraction services.

From 2020 to 2021, the Company has put in place cost savings measures to reduce its general and administrative expenses and allocated most of its resources to operation in Colombia and maintained its costs through 2022.

The Company recorded a loss before other income (expense) of \$2,228,572 for the three months ended December 31, 2021, a decrease of \$2,056,818 from the comparative period. The decrease was primarily due to the reversal of unvested options in 2021, which resulted in a share-based compensation recovery of \$339,563, a decrease of \$1,145,477 from comparative period.

## DISCUSSION OF OPERATIONS

### Selected Financial Information

The following table summarizes results of operations of the Company for the three months ended March 31, 2023.

### Revenues

For the three months ended March 31, 2023, the Company generated a total revenue of \$77,894, an increase of \$44,179 (or 131%) from comparative period. The increase is primarily driven the sale of the new product CBD isolate as well as expansion of exported CBD isolate to other countries such as Peru, Argentina and Australia which started in the fourth quarter of 2022.

## Blueberries Medical Corp.

Management's Discussion and Analysis

For the three months ended March 31, 2023

(All amounts are in Canadian Dollars, unless otherwise stated)



CBD and THC derivatives (standard oil) derived the largest share of the Company's revenue of 99%, followed by extraction services at 1%.

The following is the breakdown of the gross loss for the three months ended March 31, 2023 and 2022.

<b>For the three months ended</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>Revenues</b>		
Products revenue	\$ 77,115	\$ 23,600
Extraction services	779	6,743
Cultivation and others	-	3,372
<b>Cost of Sales</b>		
Products revenue	(66,693)	(10,888)
Extraction services	(674)	(6,929)
Cultivation and others	-	(1,980)
<b>Direct cost of production - extraction services</b>	<b>(21,669)</b>	<b>(23,940)</b>
<b>Direct cost of production - cultivation</b>	<b>-</b>	<b>(29,647)</b>
<b>Gross loss</b>	<b>\$ (11,142)</b>	<b>\$ (39,669)</b>

### Cost of sales and Direct cost of production

Cost of sales and direct cost of production include direct expenses relating to extraction and agricultural operations for propagation including strain management, cost allocated from mother plants, irrigation, nutrients, consumables such as supplements, supplies, spare parts, trays, peat, personnel costs, electricity, and allocation of operational fixed costs.

For the three months ended March 31, 2023, the Company incurred \$67,367 (2022 - \$19,797) and \$21,669 (2022 - \$53,587) of cost of sales and direct cost of production, respectively. The decrease in direct cost of production of \$31,918 was primarily due to reduction of staff as the Company pivoted its focus from cultivation to CBD and THC isolate/derivatives and extraction services.

### Operating expenses

<b>For the three months ended</b>	<b>Operating expenses</b>		<b>Operating expenses</b>	
	<b>Extraction services</b>		<b>Cultivation</b>	<b>Extraction services</b>
	<b>March 31, 2023</b>		<b>March 31, 2022</b>	
Salary, wages, and benefits	\$ 3,655	\$ 411	\$ 994	
Supplies, spare parts and equipment	-	87	-	
Facilities	4,979	8,103	5,673	
Fuel and oil	-	50	-	
Transportation	3,202	159	1,896	
Utilities	-	502	1,761	
Leases	-	2,122	-	
Other	13,946	16,032	25,900	
<b>Total</b>	<b>\$ 25,782</b>	<b>\$ 27,466</b>	<b>\$ 36,224</b>	

The operating expense for the three months ended March 31, 2023 was \$25,782, a decrease of \$37,908 from comparative period of \$63,690. The decrease is primarily driven from the operating expenses associated with cultivation as the Company has temporarily ceased its cultivation operation.



## Blueberries Medical Corp.

Management's Discussion and Analysis

For the three months ended March 31, 2023

(All amounts are in Canadian Dollars, unless otherwise stated)



### General and Administrative ("G&A") Expenses

The Company incurred a total G&A expense of \$261,220, a decrease of \$59,853 (or 19%), compared to \$321,073 incurred in the comparative period. The nature of G&A expenses is as follows:

For the three months ended	March 31, 2023	March 31, 2022
Audit and accounting	\$ 37,000	\$ 62,923
Consulting	7,906	31,001
Director and management fees	42,488	-
Filing and transfer agent fees	11,300	11,561
General office	3,788	9,278
Insurance	26,447	22,864
Legal	11,600	892
Other	11,813	278
Salary, wages, and benefits	88,184	137,798
Share based compensation expense	20,694	44,478
<b>Total</b>	<b>\$ 261,220</b>	<b>\$ 321,073</b>

#### Audit and accounting

Audit and accounting fees include cost of audit, accounting and taxation services provided by the Company's external auditor and other third parties. The decrease is due to the under accrual of fiscal 2021 audit fees of \$23,000 which was recorded in the first quarter of 2022.

#### Director and management fees

Director and management fees are incurred specifically for certain directors and officers of the Company for services provided to Blueberries either from themselves personally or through a related entity.

For the three months ended March 31, 2023, the Company incurred an increase of \$42,488 in director and management fees expenses, respectively, compared to the comparative period. The overall increase was due to the savings measures implemented during COVID-19 pandemic in which the management's compensation was paused and recommenced in the last two quarters in 2022.

#### Salary, wages and benefits

Salary, wages and benefits include payroll, training, benefits and severance costs of employees in Colombia. For the three months ended March 31, 2023, total salary, wages and benefits was \$88,184, a reduction of \$49,614 from comparative period. The Company continues to manage its costs, including head count and focuses its resources on commercial and revenue-generating activities.

#### Share based compensation

The Company's Stock Option Plan (the "Plan") provides for the issue of stock options to directors, officers, employees, contractors, and consultants, who are all considered related parties to the Company. The Plan provides that stock options may be granted up to a number equal to 10% of the Company's outstanding shares. The Plan also indicates that the maximum number of shares which may be issued to any one insider and his or her associates under the Plan, together with any other previously established or proposed share compensation arrangements, within a one-year period shall be 5% of the shares outstanding at the time of the grant. Vesting and other terms and conditions are determined by the Board of Directors at the time they are granted. When an optionee resigns or a contractual relationship with an optionee ends, the Plan allows 90 days for vested options to be exercised.

For the three months ended March 31, 2023, the Company recognized a total of \$20,694 of share-based compensation recovery, a decrease of \$23,784 compared to the comparative period. The decrease is primarily due to the lower valuation of each option granted and vested in the period compared to the comparative period.

### Depreciation and Amortization

Depreciation and amortization of Property, Plant, and Equipment ("PP&E") and intangible assets are dependent upon estimated useful life of an asset, which is the period over which an asset is expected to be available for use. PP&E is depreciated through profit and loss over an asset's estimated useful life. Agricultural facilities and equipment are



## Blueberries Medical Corp.

Management's Discussion and Analysis

For the three months ended March 31, 2023

(All amounts are in Canadian Dollars, unless otherwise stated)



estimated to have useful lives between 3 – 5 years, while buildings are estimated to have useful lives of 10 years. Assets under construction are not subject to depreciation until they are available for use. Indefinite life licenses are not amortized but are tested for impairment annually, whereas finite useful life licenses are amortized through the income statement.

Right-of-use assets are also depreciated on a straight-line basis over the lesser of the asset useful life and the lease term. As of March 31, 2023, the Company had one right-of-use assets an extraction facility in Tenjo, Colombia.

During the three months ended March 31, 2023, the Company incurred total depreciation and amortization expenses of \$14,056, a decrease of \$70,634 compared to comparative period of \$84,690. The decrease is mainly due to the Company's decision to sell the cultivation facility and equipment located in Guatavita, Colombia, at the end of fiscal 2022. Consequently, the property is no longer depreciated and categorized as assets held for sale as of March 31, 2023.

### Finance Expense

The finance expense as of March 31, 2023 consisted of interest expense on the convertible debentures of \$109,765 (2022 - \$74,844).

The convertible debenture was related to \$1,000,000 unsecured convertible debentures closed on July 16, 2020. The maturity term of the convertible debentures was extended from July 13, 2022 to July 13, 2023. The convertible debentures bear interest at a rate of 13% per annum, with an effective interest rate of 32.36%.

### SELECTED QUARTERLY FINANCIAL INFORMATION

The table below presents the quarterly financial highlights for the last eight quarters

	Revenue	Net loss	Net loss per share
<b>2022 FISCAL YEAR</b>			
March 31, 2023	\$ 77,894	\$ (440,484)	\$ (0.00)
<b>2022 FISCAL YEAR</b>			
December 31, 2022	57,052	58,392	(0.00)
September 30, 2022	104,856	(358,244)	(0.00)
June 30, 2022	39,826	(511,717)	(0.00)
March 31, 2022	33,715	(656,307)	(0.00)
<b>2021 FISCAL YEAR</b>			
December 31, 2021	(35,139)	(3,858,997)	(0.02)
September 30, 2021	135,981	(428,623)	(0.00)
June 30, 2021	\$ 14,785	\$ (269,067)	\$ (0.00)

### LIQUIDITY AND CAPITAL RESOURCES

The principal activities of the Company are extracting, producing and distributing psychoactive and non-psychoactive Cannabis by-products in Colombia. These activities are financed through the completion of equity transactions such as equity offerings. There is no assurance that future equity capital will be available to the Company in the amounts or at the times desired by the Company or on terms that are acceptable to it, if at all. See discussion of common risk factors below.

The Company has negative cash flow from operations and therefore must utilize its current cash reserves, to maintain its capacity to meet ongoing operating activities. The negative cash flows from operations were driven by the fact that the Cannabis business is in the development phase with minimal revenue to positively affect cash flows.

For the three months ended March 31, 2023, the net cash used in operating activities decreased by \$22,179 (or 5%) compared to the comparative period. The decrease is mainly driven by the increase in revenue and decrease of costs, which ultimately decreased the cash used in operating.

For the three months ended March 31, 2023, the net cash used in investing activities increased by \$2,834 compared to the comparative period. The increase is due primarily due to the purchase of property, plant and equipment of \$2,834 (2022 - \$Nil).

## Blueberries Medical Corp.

Management's Discussion and Analysis

For the three months ended March 31, 2023

(All amounts are in Canadian Dollars, unless otherwise stated)



For the three months ended March 31, 2023, the net cash used in financing activities decrease by \$14,594 compared to the comparative period. In 2022, the Company terminated the lease in Tocancipa and entered into an extraction facility lease in Tenjo for much lower rate.

The Company's liquidity risk from financial instruments is minimal as excess cash is held in bank accounts with reputable financial institutions. While the Company has no amount of cash flow from operations, management believes that with the cost saving measures implemented, the Company will be able to meet its administrative overhead costs in the coming months. The Company is dependent upon funding its operation through a combination of available cash, debt, and equity. The Company will continue to pursue opportunities to raise additional capital through debt and equity markets to fund its future growth and operating activities. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or under terms favourable to the Company.

### OFF-BALANCE-SHEET ARRANGEMENTS

As of the date hereof, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

### OUTSTANDING SHARE DATA

The outstanding number of common shares, stock options, and warrants are as follows:

	May 30, 2023	March 31, 2023
Common shares	218,309,152	218,309,152
Stock options	6,155,000	6,155,000

### FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient cash resources in order to finance operations, fund capital expenditures, and to repay debt and other liabilities of the Company as they come due, without incurring unacceptable losses or risking harm to the Company's reputation.

As at March 31, 2023, the Company's financial liabilities consist of trade accounts payable and accrued liabilities, employee benefits, convertible debt, and lease liability, which have contractual payment obligations within one year, with the exception of lease liabilities. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis.

#### Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its contractual obligations. Financial instruments subject to credit risk include cash and cash equivalents, and accounts receivables. All of the Company's cash and cash equivalents are held at reputable financial institutions. Accounts receivables consist mainly of harmonized sales tax and general sales tax receivables that the Company expects to receive from the Government of Canada. As such credit risk is deemed to be low on these instruments. The Company also has trade receivables of \$90,972, of which \$4,709 has been provided for as potentially uncollectible.

#### Market risk

Market risk is the risk or uncertainty that changes in price, foreign exchange rates, and interest rates will affect the Company's net earnings and the value of financial instruments. Blueberries is exposed to two types of market risk, being foreign currency risk and interest rate risk as outlined below.

## Blueberries Medical Corp.

Management's Discussion and Analysis

For the three months ended March 31, 2023

(All amounts are in Canadian Dollars, unless otherwise stated)



### Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The Company's functional and reporting currency, except for the Colombia, Argentina and Panama subsidiaries, is the Canadian dollar. The Colombian subsidiaries incur expenditures in Colombian pesos, which is their functional currency. Therefore, the Company is exposed to the risk of fluctuations in foreign exchange rates between Colombian pesos and Canadian dollars. Blueberries does not anticipate a significant impact on its consolidated financial statements as a result of a 5% change in the exchange rate between the two currencies.

### Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in prevailing market interest rates. The Company's convertible debt has fixed interest rate. As at March 31, 2023, the fluctuations of interest rates would not have had a significant impact on the consolidated financial statements.

### Capital risk management

The Company's objectives when managing capital are to ensure the Company will have sufficient financial capacity, liquidity, and flexibility to fund the Company's operations, growth, and ongoing developmental activities. The Company is dependent upon funding these activities through a combination of available cash, debt, and equity, which it considers to be the components of its capital structure as outlined below. There were no changes to the Company's capital management during the year, except the issuance of the convertible debt. The Company is not exposed to any external capital requirements.

---

		March 31, 2023		December 31, 2022
Derivative liability	\$	57,677	\$	57,677
Convertible debt		1,256,138		1,146,373
Shareholders' equity	\$	1,082,129	\$	1,467,768

---

## RELATED PARTY TRANSACTIONS

The Company has defined key management personnel as senior executive officers, as well as the Board of Directors. The total remuneration of key management personnel and the Board of Directors for the three months ended March 31, 2023, was \$115,728 (2022 - \$157,379), including \$19,714 (2022 - \$38,726) of share-based compensation.

On November 28, 2022, Terraflos acquired an aggregate of 54,498,889 common shares at a price of \$0.027 per common share for an aggregate gross proceed of \$1,471,470 (US\$1,100,000).

See also subsequent events

## SUBSEQUENT EVENTS

Subsequent to March 31, 2023, due to the pending approval of application of change of address, the Company entered into a lease agreement to extend its occupancy in Tocancipa (Note 8) until May 2023, which may be extended until the change of address is approved in the license granted by *the Instituto Nacional de Vigilancia de Medicamentos y Alimentos* ("INVIMA").

On April 5, 2023, in connection with the advances on farmland (Note 6), the Company, the seller and Terraflos entered into a termination and settlement agreement ("Termination agreement"). Pursuant to the Termination agreement, the Company terminated the agreement to purchase the farmland and agreed to receive \$380,776 (US\$281,140) as compensation to be settled as follows:

- \$243,792 (US\$180,000) in cash on closing;
- Transfer of 3,905,000 shares of the Company owned by the seller to Terraflos valued at \$136,984 (US\$101,140) (the "deemed value"), and in turn, Terraflos is to pay the deemed value in cash to the Company by July 30, 2023.

## **Blueberries Medical Corp.**

Management's Discussion and Analysis

For the three months ended March 31, 2023

(All amounts are in Canadian Dollars, unless otherwise stated)

---



### **BUSINESS RISKS**

#### **Limited Operating History**

Blueberries is an early-stage company and has a limited operating history upon which its business and future prospects may be evaluated. Blueberries will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its operating goals. In order for Blueberries to meet future operating and debt service requirements, Blueberries will need to be successful in its growing, marketing and sales efforts. Additionally, where Blueberries experiences increased sales, Blueberries' current operational infrastructure may require changes to scale the Company's business efficiently and effectively to keep pace with demand and achieve long-term profitability, including the possibility to upgrade the operation to be compliant with EU-GMP pharma grade certification. If Blueberries' new products and services are not accepted by new customers, the Company's operating results may be materially and adversely affected.

#### **Managing Growth**

In order to manage growth and change in strategy effectively, the Company must (i) maintain adequate systems to meet customer demand; (ii) expand sales and marketing, distribution capabilities and administrative functions; (iii) expand the skills and capabilities of its current management team; and (iv) attract and retain qualified employees. While it intends to focus on managing its costs and expenses over the long term, Blueberries expects to invest to support its growth and may have additional unexpected costs. It may not be able to expand quickly enough to exploit potential market opportunities.

#### **Retention and Acquisition of Skilled Personnel**

The loss of any member of the Company's management team, could have a material adverse effect on its business and results of operations. In addition, an inability to hire, or the increased costs of new personnel, including members of executive management, could have a material adverse effect on the Company's business and operating results. At present and for the near future, Blueberries will depend upon a relatively small number of employees to develop, market, sell and support its products. The expansion of marketing and sales of its products will require Blueberries to find, hire and retain additional capable employees who can understand, explain, market and sell its products. There is intense competition for capable personnel in all of these areas and Blueberries may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training and, in many cases, take significant time before they achieve full productivity. As a result, the Company may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them. In addition, as the Company moves into new jurisdictions, it will need to attract and recruit skilled employees in those areas.

#### **Legal Proceedings**

From time to time, Blueberries may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom it does business and other proceedings arising in the ordinary course of business. Blueberries will evaluate its exposure to these legal and regulatory proceedings and establish reserves for the estimated liabilities in accordance with generally accepted accounting principles. Assessing and predicting the outcome of these matters involves substantial uncertainties. Unexpected outcomes in these legal proceedings, or changes in management's evaluations or predictions and accompanying changes in established reserves, could have an adverse impact on Blueberries' financial results.

#### **Regulatory Compliance Risks**

Achievement of Blueberries' business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. Blueberries may not be able to obtain or maintain the necessary licenses, permits, quotas, authorizations, or accreditations, or may only be able to do so at great cost, to operate its business. Blueberries cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by local governmental authorities. The impact of the compliance regime, any delays in obtaining, or failure to obtain or keep the regulatory approvals may significantly delay or impact the development of markets, products

## **Blueberries Medical Corp.**

Management's Discussion and Analysis

For the three months ended March 31, 2023

(All amounts are in Canadian Dollars, unless otherwise stated)

---



and sales initiatives and could have a material adverse effect on the business, results of operations and financial condition of Blueberries.

The officers and directors of Blueberries must rely, to a great extent, on Blueberries' Colombian legal counsel and local consultants retained by Blueberries in order to keep abreast of material legal, regulatory and governmental developments as they pertain to and affect Blueberries' business operations, and to assist Blueberries with its governmental relations. Blueberries must rely, to some extent, on those members of management and the board who have previous experience working and conducting business in Colombia in order to enhance its understanding of and appreciation for the local business culture and practices in Colombia.

Blueberries also relies on the advice of local experts and professionals in connection with current and new regulations that develop in respect of banking, financing and tax matters in Colombia. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices in Colombia are beyond the control of Blueberries and may adversely affect its business.

Blueberries will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Blueberries may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to Blueberries' operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of Blueberries.

### **Canadian Regulatory and Civil Proceedings**

The sale and distribution of Cannabis products for medicinal use by licensed producers is legal in certain Canadian provinces. The Canadian federal government legalized marijuana effective October 17, 2018.

Blueberries operates in Colombia pursuant to the Blueberries Licenses and authorizations granted by the Ministry of Justice and the Ministry of Health. Consequently, certain activities conducted by Blueberries are permissible under one regulatory regime while not under another. In the past, Canadian courts and regulatory authorities have taken the view that it is not contrary to Canadian federal or provincial law for a person to be engaged in, or for an entity to hold interests in affiliates that are engaged in, certain regulated activities where such activities may be regulated differently than in the home jurisdictions and have enforced extra-territorial laws even where such laws (or regulatory regimes applicable to certain activities or industries) differs from those in the Canadian jurisdiction. There is a risk however that the Canadian courts or applicable Canadian or other governmental authorities may take a contrary view with respect to the business of Blueberries and view Blueberries as having violated their local laws, despite Blueberries having obtained all applicable Colombian licenses or authorizations and despite that Blueberries does not carry on business in Canada. Therefore, there is a risk that civil and criminal proceedings, including class actions, could be initiated against Blueberries. Such potential proceedings could involve substantial litigation expense, penalties, fines, seizure of assets, injunctions or other restrictions being imposed upon Blueberries or its business partners, while diverting the attention of key executives. Such proceedings could have a material adverse effect on Blueberries' business, revenues, operating results and financial condition as well as impact upon Blueberries' reputation.

### **Change of Cannabis Laws, Regulations and Guidelines**

Cannabis laws and regulations are dynamic and subject to evolving interpretations which could require Blueberries to incur substantial costs associated with compliance or alter certain aspects of its business plan. It is also possible that regulations may be enacted in the future that will be directly applicable to certain aspects of Blueberries' businesses. Blueberries cannot predict the nature of any future laws, regulations, interpretations or applications, nor can it determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on Blueberries' business. Management expects that the legislative and regulatory environment in the Cannabis industry in Colombia and internationally will continue to be dynamic and will require innovative solutions to try to comply with this changing legal landscape in this nascent industry for the foreseeable future. Compliance with any such legislation may have a material adverse effect on Blueberries' business, financial condition and results of operations.

## **Blueberries Medical Corp.**

Management's Discussion and Analysis

For the three months ended March 31, 2023

(All amounts are in Canadian Dollars, unless otherwise stated)

---



Public opinion can also exert a significant influence over the regulation of the Cannabis industry. A negative shift in the public's perception of the Cannabis industry could affect future legislation or regulation in different jurisdictions.

### **Reliance on Blueberries Licenses and Authorizations**

Blueberries' ability to grow, store and sell Cannabis in Colombia is dependent on Blueberries' ability to sustain and/or obtain the necessary licenses and authorizations by certain authorities in Colombia.

The pending licenses and authorizations are subject to ongoing compliance and reporting requirements and the ability of Blueberries to obtain, sustain or renew any such licenses and authorizations on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies in foreign jurisdictions. Failure to comply with the requirements of the licenses or authorizations or any failure to maintain the licenses or authorizations would have a material adverse impact on the business, financial condition and operating results of Blueberries.

Although Blueberries believes that it will meet the requirements to obtain, sustain or renew the necessary licenses and authorizations, there can be no guarantee that the applicable authorities will issue these licenses or authorizations. Should the authorities fail to issue the necessary licenses or authorizations, Blueberries may be curtailed or prohibited from the production and/or distribution of Cannabis or from proceeding with the development of its operations as currently proposed and the business, financial condition and results of the operation of Blueberries may be materially adversely affected.

### **Reliance on One Facility**

The Company is currently operating under one licensed facility. Adverse changes or developments affecting the facility, including but not limited to a breach of security, could have a material and adverse effect on Blueberries' business, financial condition and prospects. Any breach of the security measures and other facility requirements, including any failure to comply with recommendations or requirements arising from inspections by Colombian regulatory authorities, could have an impact on Blueberries' ability to receive or hold the licenses.

Certain contemplated capital expenditures of Blueberries may require approval of Colombian regulatory authorities. There is no guarantee that Colombian Regulatory Authorities will approve any contemplated expansion and/or renovation, which could adversely affect the business, financial condition and results of Blueberries' operations.

Unexpected disruptions affecting operations, whether due to labor disruptions, supply disruptions, power disruptions, damage to equipment or otherwise

Blueberries' operations may be disrupted by a variety of risks and hazards that are beyond its control, including, but not limited to, fires, power outages, labour disruptions, supply disruptions, flooding, and the inability to obtain suitable or adequate machinery, equipment or labour as well as other risks involved in the cultivation and production of medicinal Cannabis.

### **Demand for Cannabis and Derivative Products**

The legal Cannabis industry in Colombia is at an early stage of its development. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of medicinal Cannabis are mixed and evolving and can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medicinal Cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medicinal Cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for medicinal Cannabis and on the business, results of operations, financial condition and cash flows of Blueberries. Further, adverse publicity reports or other media attention regarding Cannabis in general or associating the consumption of medicinal Cannabis with illness or other negative effects or events, could have such a material adverse effect. Public opinion and support for medicinal Cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medicinal Cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization.



## **Blueberries Medical Corp.**

Management's Discussion and Analysis

For the three months ended March 31, 2023

(All amounts are in Canadian Dollars, unless otherwise stated)

---



Blueberries' ability to gain and increase market acceptance of its business may require substantial expenditures on investor relations, strategic relationships and marketing initiatives. There can be no assurance that such initiatives will be successful and their failure may have an adverse effect on Blueberries.

### **Liability, Enforcement, Complaints, etc.**

Blueberries' participation in the Cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by third parties, other companies and/or various governmental authorities against Blueberries. Litigation, complaints, and enforcement actions involving Blueberries could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on Blueberries' future cash flows, earnings, results of operations and financial condition.

### **Product Liability**

As a distributor of products designed to be ingested by humans, Blueberries faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused damages, loss or injury. In addition, the sale of Blueberries' products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Adverse reactions resulting from human consumption of Blueberries' products alone or in combination with other medications or substances could occur. Blueberries may be subject to various product liability claims, including, among others, that Blueberries' products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning health risks, possible side effects or interactions with other substances. A product liability claim or regulatory action against Blueberries could result in increased costs, could adversely affect Blueberries' reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of Blueberries. There can be no assurances that Blueberries will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of Blueberries' potential products.

### **Insurance Coverage**

Blueberries' production is, in general, subject to different risks and hazards, including adverse weather conditions, fires, plant diseases and pest infestations, other natural phenomena, industrial accidents, labour disputes, changes in the legal and regulatory framework applicable to Blueberries and environmental contingencies.

Blueberries is in the process of obtaining additional insurance coverage over Blueberries' growing production and facilities. Blueberries is seeking insurance against a variety of risks, including losses and damages relating to its plants, equipment and buildings. Any insurance that Blueberries is successful in obtaining may only cover part of the losses it may incur and may not cover losses on crops due to drought or floods. Furthermore, certain types of risks may not be covered by the future policies. There is a risk that any claims to be paid by an insurer due to the occurrence of a casualty covered may not be sufficient to compensate Blueberries for all of the damages suffered. Blueberries may not be able to maintain or obtain insurance of the type and amount desired at a reasonable cost. If Blueberries were to incur significant liability for which it were not fully insured, it could have a materially adverse effect on Blueberries' business, financial condition and results of operations.

### **Ability to Establish and Maintain Bank Accounts**

While Blueberries does not anticipate dealing with banking restrictions, there is a risk that banking institutions in countries where Blueberries operates will not accept payments related to the Cannabis industry. Such risks could increase costs for Blueberries. In the event financial service providers do not accept accounts or transactions related to the Cannabis industry, it is possible that Blueberries may be required to seek alternative payment solutions, including but not limited to cryptocurrencies such as Bitcoin. There are risks inherent in cryptocurrencies, most notably its volatility and security issues. If the industry was to move towards alternative payment solutions and accept payments in cryptocurrency Blueberries would have to adopt policies and protocols to manage its volatility and exchange rate risk exposures. Blueberries' inability to manage such risks may adversely affect Blueberries' operations and financial performance.



## Blueberries Medical Corp.

Management's Discussion and Analysis

For the three months ended March 31, 2023

(All amounts are in Canadian Dollars, unless otherwise stated)

---



### Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of Blueberries' products are recalled due to an alleged product defect or for any other reason, Blueberries could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. Blueberries may lose a significant number of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although Blueberries has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if Blueberries is subject to recall, the image of Blueberries could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for Blueberries' products and could have a material adverse effect on the results of operations and financial condition of Blueberries. Additionally, product recalls may lead to increased scrutiny of Blueberries' operations by regulatory agencies, requiring further management attention, potential loss of applicable licenses and potential legal fees and other expenses.

### Risks Inherent in an Agricultural Business

Blueberries' business involves the growing of blueberries with the prospect of growing Cannabis in the future. Both of which are agricultural products and grown outdoors. The occurrence of severe adverse weather conditions, especially droughts, hail, floods or frost, is unpredictable and may have a potentially devastating impact on agricultural production and may otherwise adversely affect the supply of Cannabis. Adverse weather conditions may be exacerbated by the effects of climate change and may result in the introduction and increased frequency of pests and diseases. The effects of severe adverse weather conditions may reduce Blueberries' yields or require Blueberries to increase its level of investment to maintain yields. Additionally, higher than average temperatures and rainfall can contribute to an increased presence of insects and pests, which could negatively affect crops. Future droughts could reduce the yield and quality of Blueberries' production, which could materially and adversely affect Blueberries' business, financial condition and results of operations.

The occurrence and effects of plant disease, insects and pests can be unpredictable and devastating to agricultural, potentially rendering all or a substantial portion of the affected harvests unsuitable for sale. Even when only a portion of the production is damaged, Blueberries' results of operations could be adversely affected because all or a substantial portion of the production costs may have been incurred. Although some plant diseases are treatable, the cost of treatment can be high and such events could adversely affect Blueberries' operating results and financial condition. Furthermore, if Blueberries fails to control a given plant disease and the production is threatened, Blueberries may be unable to supply its customers, which could adversely affect its business, financial condition and results of operations. There can be no assurance that natural elements will not have a material adverse effect on any such production.

### Risks Inherent in Rural Real Estate

The Colombian Constitution protects the right to own private property and related rights acquired in compliance with civil regulations. According to Colombian Constitution, legally acquired private property ownership rights cannot be affected if the owner is in compliance with applicable laws.

Except in the case of public necessity or social interest, subject to due process and the payment of an indemnification, expropriations without just cause or on a discriminatory basis are restricted.

In August 2011, Colombia and Canada entered into a Free Trade Agreement (CCOFTA), which outlines the issue of expropriations in Article 811 as well as dispute settlements in Chapter 21. The Free Trade Agreement provides that Canadian investments in Colombia will be granted fair and equitable treatment with full protection and security and will be accorded no less favorable treatment than Colombia grants to its own investors or investors of any other country. It also provides that an investment will not be expropriated except in a non-discriminatory manner in accordance with due process of law with prompt and adequate compensation. The expropriation provisions cover both traditional "direct" takings and so-called "indirect" or "creeping" expropriation, which results from a measure or a series of measures by a government that have an effect equivalent to direct expropriation without a formal transfer of title or outright seizure of the investment. An investor-state dispute resolution process is provided for in the event that the investment is not provided the protections set out in the CCOFTA. Through this process, a Canadian investor can challenge a Colombian measure through binding international arbitration instead of relying on the Colombian local courts.

## **Blueberries Medical Corp.**

Management's Discussion and Analysis

For the three months ended March 31, 2023

(All amounts are in Canadian Dollars, unless otherwise stated)

---



### **Energy Prices and Supply**

Blueberries requires substantial amounts of electric energy and other resources for its harvest activities and transport of Cannabis. Blueberries relies upon third parties for its supply of energy resources used in its operations. The prices for and availability of energy resources may be subject to change or curtailment, respectively, due to, among other things, new laws or regulations, imposition of new taxes or tariffs, interruptions in production by suppliers, imposition of restrictions on energy supply by government, worldwide price levels and market conditions. If energy supply is cut for an extended period of time and Blueberries is unable to find replacement sources at comparable prices, or at all, Blueberries' business, financial condition and results of operations would be materially and adversely affected.

### **Supply of Cannabis Seeds**

If for any reason the supply of Cannabis seeds is ceased or delayed, Blueberries would have to seek alternate suppliers and obtain all necessary authorization for the new seeds. If replacement seeds cannot be obtained at comparable prices, or at all, or if the necessary authorizations are not obtained, Blueberries' business, financial condition and results of operations would be materially and adversely affected.

### **Changes in Corporate Structure**

Colombian Cannabis licenses are granted on a non-transferable, non-exchangeable and non-assignable basis. Any breach of this restriction may give rise to unilateral termination of the license by the governmental authority.

Notwithstanding the above, Colombian laws do not provide for specific regulations or restrictions regarding the effects of a change in control, modification of the corporate structure, issuance of shares, or any changes in holders or final beneficiaries of Cannabis licenses.

Colombian legislation gives special attention to the identification and background of the legal representatives of licensees. Licensees must file a declaration of the legality of the proceeds of the legal representatives. Furthermore, Decree 613 of 2017 provides a set of resolutive conditions, which enable the Ministry of Health or the Ministry of Justice, as applicable, to terminate a license if the licensee fails to request the amendment of the license within 30 calendar days following any changes in (i) the legal representation of the licensee; or (ii) the declaration that a legal representative is criminally liable for drug trafficking or related crimes, after having issued the respective license.

### **Emerging Market Risks**

Emerging market investment generally poses a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments.

All of Blueberries' operations are in Colombia. Colombia has a history of economic instability or crises (such as inflation or recession). While there is no current political instability, and historically there has been no change in laws and regulations, this is subject to change in the future and could adversely affect Blueberries' business, financial condition, and results of operations.

Fluctuations in the Colombian economy and actions adopted by the Government of Colombia have had and may continue to have a significant impact on companies operating in Colombia, including Blueberries. Specifically, Blueberries may be affected by inflation, foreign currency fluctuations, regulatory policies, business, and tax regulations and in general, by the political, social and economic scenarios in Colombia and in other countries that may affect Colombia.

Global economic crises could negatively affect investor confidence in emerging markets or the economies of the principal countries in Latin America, including Colombia. Such events could materially and adversely affect Blueberries' business, financial condition and results of operations.

## Blueberries Medical Corp.

Management's Discussion and Analysis

For the three months ended March 31, 2023

(All amounts are in Canadian Dollars, unless otherwise stated)

---



### Global Economy

Financial and securities markets in Colombia are influenced by the economic and market conditions in other countries, including other South American and emerging market countries and other global markets. Although economic conditions in these countries may differ significantly from economic conditions in Colombia, investors' reactions to developments in these other countries, such as the recent developments in the global financial markets, may substantially affect the capital flows into, and the market value of securities of issuers with operations in Colombia.

An economic downturn or volatility could have a material adverse effect on Blueberries' business, financial condition, and results of operations. The economy of Colombia, where Blueberries' operations are located, has experienced significant economic uncertainty and volatility during recent years. A weakening of economic conditions could lead to reductions in demand for Blueberries' products. For example, its revenues can be adversely affected by high unemployment and other economic factors. Further, weakened economic conditions or a recession could reduce the amount of income customers can spend on Blueberries' products. In addition, as a result of volatile or uncertain economic conditions, Blueberries may experience the negative effects of increased financial pressures on its clients. For instance, Blueberries' business, financial condition, and results of operations could be negatively impacted by increased competitive pricing pressure, which could result in Blueberries incurring increased bad debt expenses. If Blueberries is not able to timely and appropriately adapt to changes resulting from a weak economic environment, its business, results of operations, and financial condition may be materially and adversely affected.

A crisis in other emerging market countries could dampen investor enthusiasm for securities of issuers with South American operations. Financial conditions in Argentina, Brazil, or other emerging market countries could negatively impact Colombia's economy in the future. If such fluctuations were to occur, Blueberries' business, financial condition, and results of operations could be materially and adversely affected.

### CSE Restrictions on Business

As a condition to initially listing on the CSE, the CSE required that Blueberries deliver an undertaking (the "Undertaking") confirming that, while listed on CSE, Blueberries will only conduct the business of the production, sale, and distribution of medicinal marijuana in Colombia pursuant to the Licenses and in accordance with applicable law, unless prior approval is obtained from CSE. The Undertaking could have an adverse effect on Blueberries' ability to do business or operate outside of Colombia and on its ability to expand its business into other areas, including the provision of non-medical marijuana in the event that the laws were to change to permit such sales, if Blueberries is still listed on the CSE and remains subject to the Undertaking at such time. The Undertaking may prevent Blueberries from expanding into new areas of business when Blueberries' competitors have no such restrictions. All such restrictions could materially and adversely affect the growth, business, financial condition, and results of Blueberries' operations.

### Risks Related to Investment in a Colombian Company

#### *Operational Risks*

Operations in Colombia are subject to risk due to the potential for social, political, economic, legal and fiscal instability. The government in Colombia faces ongoing problems including but not limited to inflation, unemployment and inequitable income distribution. Colombia is also home to South America's largest and longest running insurgency and large swaths of the countryside are under guerrilla influence. In addition, Colombia experiences narcotics-related violence, a prevalence of kidnapping and extortionist activities and civil unrest in certain areas of the country. Such instability may require Blueberries to suspend operations on its properties. Although Blueberries is not presently aware of any circumstances or facts which may cause the following to occur, other risks may involve matters arising out of the evolving laws and policies in Colombia, any future imposition of special taxes or similar charges, as well as foreign exchange fluctuations and currency convertibility and controls, the unenforceability of contractual rights or the taking or nationalization of property without fair compensation, restrictions on the use of expatriates in Blueberries' operations, or other matters. Blueberries also bears the risk that changes can occur in the government of Colombia and a new government may void or change the laws and regulations that Blueberries is relying upon.

Currently there are no restrictions on the repatriation from Colombia of earnings to foreign entities and Colombia has never imposed such restrictions. However, there can be no assurance that restrictions on repatriation of earnings from Colombia will not be imposed in the future. Exchange control regulations require that any proceeds in foreign currency originated on exports of goods from Colombia (including minerals) be repatriated to Colombia. However, purchase of foreign currency is allowed through any Colombian authorized financial entities for purposes of payments to foreign suppliers, repayment of foreign debt, payment of dividends to foreign stockholders and other foreign expenses.

## **Blueberries Medical Corp.**

Management's Discussion and Analysis

For the three months ended March 31, 2023

(All amounts are in Canadian Dollars, unless otherwise stated)

---



### *Inflation in Colombia*

Colombia has in the past experienced double-digit rates of inflation. If Colombia experiences substantial inflation in the future, Blueberries' costs in Colombian peso terms will increase significantly, subject to movements in applicable exchange rates. Inflationary pressures may also curtail Blueberries' ability to access global financial markets in the longer term and its ability to fund planned capital expenditures, and could materially adversely affect Blueberries' business, financial condition, and results of operations. The Colombian government's response to inflation or other significant macro-economic pressures may include the introduction of policies or other measures that could increase Blueberries' costs, reduce operating margins, and materially adversely affect its business, financial condition, and results of operations.

### *Operations in Spanish*

As a result of Blueberries conducting its operations in Colombia, the books and records of Blueberries, including key documents such as material contracts and financial documentation are principally negotiated and entered into in the Spanish language and English translations may not exist or be readily available.

### *Enforcement of Judgments*

Blueberries is incorporated under the laws of Canada; however, all of its assets are located outside Canada. Furthermore, many of Blueberries' directors and officers reside outside Canada. As a result, investors may not be able to effect service of process within Canada upon Blueberries' directors or officers or enforce against them in Canadian courts judgments predicated on Canadian securities laws. Likewise, it may also be difficult for an investor to enforce in Canadian courts judgments obtained against these persons in courts located in jurisdictions outside Canada.

As a result of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the Board or controlling shareholders than they would as public shareholders of a Canadian company.

## **Financial and Accounting Risks**

### *Access to Capital*

In executing its business plan, Blueberries makes, and will continue to make, substantial investments and other expenditures related to acquisitions, research and development and marketing initiatives. Since its incorporation, Blueberries has financed these expenditures through offerings of its equity securities. Blueberries will have further capital requirements and other expenditures as it proceeds to expand its business or take advantage of opportunities for acquisitions or other business opportunities that may be presented to it. Blueberries may incur major unanticipated liabilities or expenses. Blueberries can provide no assurance that it will be able to obtain financing to meet the growth needs of Blueberries.

### *Foreign Sales*

Blueberries' functional currency is denominated in Canadian dollars. Blueberries currently expects that sales will be denominated in Colombian pesos and may, in the future, have sales denominated in the currencies of additional countries in which it establishes sales offices. In addition, Blueberries incurs the majority of its operating expenses in Colombia Pesos. In the future, the proportion of Blueberries' sales that are international may increase. Such sales may be subject to unexpected regulatory requirements and other barriers. Any fluctuation in the exchange rates of foreign currencies may negatively impact the Company's business, financial condition and results of operations. Blueberries has not previously engaged in foreign currency hedging. If the Company decides to hedge its foreign currency exposure, it may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets. In addition, those activities may be limited in the protection they provide the Company from foreign currency fluctuations and can themselves result in losses.

### *Estimates or Judgments Relating to Critical Accounting Policies*

The preparation of financial statements in conformity with International Financial Reporting Standards, or IFRS, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Blueberries bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, as provided in the notes to the Blueberries Financial Statements, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. Blueberries' operating results may be adversely affected

## Blueberries Medical Corp.

Management's Discussion and Analysis

For the three months ended March 31, 2023

(All amounts are in Canadian Dollars, unless otherwise stated)

---



if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause Blueberries' operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the share price of the Company. Significant assumptions and estimates used in preparing the financial statements include those related to the credit quality of accounts receivable, income tax credits receivable, share-based payments, impairment of non-financial assets, fair value of biological assets, as well as revenue and cost recognition.

### *Tax Risks*

The Company will operate and will be subject to income tax and other forms of taxation (which are not based upon income) in multiple tax jurisdictions. Taxation laws and rates which determine taxation expenses may vary significantly in different jurisdictions, and legislation governing taxation laws and rates is also subject to change. Therefore, the Company's earnings may be impacted by changes in the proportion of earnings taxed in different jurisdictions, changes in taxation rates, changes in estimates of liabilities and changes in the amount of other forms of taxation. The Company may have exposure to greater than anticipated tax liabilities or expenses. The Company will be subject to income taxes and non-income taxes in a variety of jurisdictions and its tax structure is subject to review by both domestic and foreign taxation authorities and the determination of the Company's provision for income taxes and other tax liabilities will require significant judgment.

The Company will be subject to different taxes imposed by the Colombian government and any changes within such tax legal and regulatory framework may have an adverse effect on our financial results. All current tax legislation is a matter of public record and the Company will be unable to predict which additional legislation or amendments may be enacted.

### **DISCLOSURE OF INTERNAL CONTROLS**

Management has established processes to provide sufficient knowledge to support representations that it has exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented in the financial statements, and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

The Company utilizes the Venture Issuer Basic Certificate, which certificate does not include representations related to the establishment and maintenance of disclosure controls and procedures ("DC&P) or internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers do not make any representations related to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.



## Blueberries Medical Corp.

Management's Discussion and Analysis

For the three months ended March 31, 2023

(All amounts are in Canadian Dollars, unless otherwise stated)



### NON-GAAP MEASURES

Certain financial measures in this document do not have a standardized meaning as prescribed by IFRS and therefore are considered non-GAAP measures. These measures may not be comparable to similar measures presented by other issuers. These measures have been described and presented in order to provide shareholders and potential investors with additional measures for analyzing our ability to generate funds to finance our operations and information regarding our liquidity. The additional information should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS. The definition and reconciliation of each non-GAAP measure is presented in the Discussion of Operations and Liquidity and Capital Resources sections of this MD&A.

### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward Looking Statements	Assumptions	Risk Factors
The Company will be able to continue its business activities.	The Company has anticipated all material costs and the operating activities of the Company, and such costs and activities will be consistent with the Company's current expectations; the Company will be able to obtain equity funding when required.	COVID-19 caused closures and other unforeseen costs to the Company will arise; any particular operation cost increase or decrease from the date of the estimation; and due to COVID-19 capital markets not being favourable for funding resulting in the Company not being able to obtain financing when required or on acceptable terms.
The Company will be able to carry out anticipated business plans.	In the next twelve months, the operating activities of the Company will be consistent with the Company's current expectations; debt and equity markets, interest rates and other applicable economic conditions are favourable to the Company.	COVID-19 related uncertainty continuing; sufficient funds not being available; increases in costs, the Company may be unable to retain key personnel to develop or enhance its business, take advantage of future opportunity or respond to competitive pressures.
Management's outlook regarding future trends.	Financing will be available for the Company's future business, continuing development, and maintenance of operations.	COVID-19 situation and general economic conditions could adversely impact spending by the Company's clients, put downward pressure on prices which could adversely impact the business, financial condition or results of operations and the Company may be unable to retain personnel.

## Blueberries Medical Corp.

Management's Discussion and Analysis

For the three months ended March 31, 2023

(All amounts are in Canadian Dollars, unless otherwise stated)

---



Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors discussed further below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance, or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

May 30, 2023

*"Facundo Garreton"*

---

Facundo Garreton  
Chairman, Chief Executive Officer and Director

*"Guillermo Pablo Rodriguez"*

---

Guillermo P. Rodriguez,  
Chief Financial Officer